

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL**

DATE: OCTOBER 2, 2009

**SUBJECT: CASE NO. IPC-E-09-25 (Idaho Power)
FIRM ENERGY SALES AGREEMENT – IDAHO WINDS LLC**

On September 10, 2009, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a 20-year Firm Energy Sales Agreement between Idaho Power and Idaho Winds LLC (Idaho Winds) dated September 1, 2009 (Agreement).

Idaho Winds proposes to design, construct, own, operate and maintain a 21 MW wind generating facility located approximate six miles northwest of Glenns Ferry in Elmore County, Idaho. The location of the project is more particularly described as Section 16, Township 5 S, Range 9 E, Boise Meridian, Elmore County, Idaho. Idaho Winds warrants that the facility to be known as the Sawtooth Wind Project will be qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). This is the second firm energy sales agreement executed by Idaho Power and Idaho Winds LLC for this location. Reference Case No. IPC-E-06-36, Order No. 30253 (Alkali Wind Project).

The Application states that the Agreement comports with the terms and conditions of the various Commission Orders applicable to PURPA agreements for wind resources. Order Nos. 30415 (daily load shape adjustment), 30488 (wind integration adjustment; Mechanical Availability Guarantee), 30738 (SAR non-fuel cost variables), and 30744 (published avoided cost rates). The Agreement contains non-levelized published avoided cost rates as currently established by the Commission for energy deliveries of less than 10 aMW.

The nameplate rating of the facility is 21 MW. Under normal and/or average conditions, the facility will not exceed 10 aMW on a monthly basis. Should the facility exceed 10 aMW on a monthly basis, Idaho Power will accept the energy (Inadvertent Energy) that does not exceed the maximum capacity amount; however, the Company will not purchase or pay for this Inadvertent Energy. ¶ 7.5. Idaho Winds has selected October 31, 2012, as the first energy date and December 31, 2012 as the Scheduled Operation Date. Appendix B-3.

As reflected in the Application, in conformance with Commission Order No. 30488, this Agreement includes a Mechanical Availability Guarantee (MAG) (¶ 6.4), wind integration cost reduction (¶ 7.1), and wind forecasting cost sharing (Appendix E). In addition, the Agreement contains provisions for Delay Liquidated Damages (¶ 5.3) and associated Delay Security (¶ 5.7) to secure the established Scheduled Operation Date of December 31, 2012. Idaho Winds has been advised and understands that delays in the interconnection process do not constitute excusable delays in achieving the Scheduled Operation Date and if the Scheduled Operation Date is not achieved, delay damages will be assessed.

Agreement Paragraph 21.1 provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declares that all payments Idaho Power makes to Idaho Winds for purchases of energy from the Sawtooth Wind Project will be allowed as prudently incurred expenses for ratemaking purposes.

COMMISSION DECISION

Commission Staff and Idaho Power recommend that the Application in Case No. IPC-E-09-25 be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference IDAPA 31.01.01.201-204. Does the Commission agree with the recommended procedure?



Scott Woodbury
Deputy Attorney General

bls/M:IPC-E-09-25_sw